

North Dakota Statewide Information Technology Plan 2000 - Agency Plan Summaries

127.0 Tax Department

IT Plan Version: B 1

Goals and Objectives

Goal: 1 Improve tax filing and registration efficiencies.

Objectives	Timeframe	Accomplishments/Status
1 Sales Tax WebFile	97-99	Complete
2 Withholding EFT Telefile	97-99	Complete
3 Financial Institutions Tax	97-99	Complete
4 Federal/State Electronic Filing	97-99	Complete
5 Provide on-line preparation of registrations for Sales Tax, Withholding, and Motor Fuels	99-01	
6 Expand EDI to Sales and Motor Fuels Taxes	99-01	

Goal: 2 Develop a user-friendly, flexible database system

Objectives	Timeframe	Accomplishments/Status
1 Minimize investing additional dollars in legacy systems that will be replaced by client/server systems	Ongoing	
2 Convert legacy databases to client/server systems	03-05	Conversion is being done by tax type to provide control of this objective. The activities listed with this IT Plan are through the 03-05 biennium.

Goal: 3 Maintain tax information systems.

Objectives	Timeframe	Accomplishments/Status
1 Implement statutory and internal changes necessary for existing tax programs/systems.	Ongoing	

Goal: 4 Utilize technology to improve customer service.

Objectives	Timeframe	Accomplishments/Status
1 Install toll free customer service telephone number for taxpayers to utilize.	97-99	Complete
2 Provide downloadable forms and publications on the Tax Department website	Ongoing	
3 Investigate the current technologies for electronic/digital signatures to expand electronic services.	99-01	
4 Coordinate efforts to allow counties to submit property tax reports to the Department electronically.	01-03	
5 Investigate using a common taxpayer identifier to provide an integrated tax system.	01-03	
6 Provide electronic options for payments and refunds.	99-01	

Goal: 5 Update infrastructure to enable staff to more efficiently support customers.

Objectives	Timeframe	Accomplishments/Status
1 Upgrade all hardware once every 3 years and software as necessary.	Ongoing	
2 Expand LAN to provide access to field offices.	97-99	Complete

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Goal: 5 Continued....

Objectives

	Objectives	Timeframe	Accomplishments/Status
3	Upgrade validation equipment to a PC based system.	97-99	Complete
4	Upgrade manual accounting system to a PC based system.	97-99	Complete
5	Provide training opportunities via CD-Rom and current manuals.	Ongoing	
6	Migrate all workstations to MS Office 2000	99-01	Complete
7	Ensure all servers and workstations are Y2K Compliant.	99-01	Complete, and Contingency Plan in place.
8	Establish a Tax Department Intranet for internal communications and information	01-03	
9	Upgrade the outdated data entry system to a PC based system.	99-01	Complete
10	Provide all field auditors remote access to the LAN.	99-01	

Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05	
1	Maintain Proc System	1	Maintenance/Base	Ongoing				
The agency has many systems maintained on the State’s Enterprise Server at ITD. They validate and store all tax returns and related information, maintain and audit tax return information, and provide for tax filing and collection information. Most systems are based on COBOL, ADABAS, and Natural. As the tax processing systems evolve, more will be based on a Client/Server architecture that is also maintained at ITD. The Accounts Receivable system posts tax liens to the Secretary of State’s Central Index System. The Individual Income Tax System has links to data provided by several agencies for the purpose of offsetting refunds to pay obligations owed to those agencies by the taxpayer.					IT PLAN ESTIMATED COST	\$2,000,000	\$2,091,000	\$2,200,000
					BASE BUDGET REQUEST		\$2,091,472	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	
The Department website provides a vital communication link between the Department and the citizens of North Dakota. It provides downloadable forms, publications, and other vital information, along with e-mail to our main office. The Intranet provides an internal communication format for employees to review publications on-line and communicate vital information quickly and efficiently.								

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Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05	
2	Maintain Network	2	Maintenance/Base	Ongoing				
The agency will implement a strategy to upgrade all computer hardware every three years. Software will be upgraded as necessary to maintain adequate communications with other agencies and constituents.					IT PLAN ESTIMATED COST	\$520,000	\$525,000	\$540,000
					BASE BUDGET REQUEST		\$527,168	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	
The agency has a local area network that is maintained in-house. The network consists of 3 servers, 139 client workstations and several shared network printers. The agency also has 24 portable computers that are used for various audit and field activities. Each computer has access to word processing, spreadsheet, and database applications. Computers that are attached to the network also have access to applications on the State’s Enterprise Server, e-mail, and internet.								
The agency uses computers to maintain the information on the Tax Processing Systems, provide taxpayer assistance, audit and compliance activity, and statistical reporting.								
The agency’s computers are also used to operate three major applications that reside on the local area network: 1) The Validation System accounts for and stamps each tax document received by the agency with a Document Locator number. This number is used to track documents throughout the Tax Processing Systems. 2) The Data Entry System is used to key-enter all tax documents. The data is then uploaded to the Enterprise Server for verification and posting to the Tax Processing Systems. 3) The Accounting System tracks all revenue received and distributed by the agency.								
Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05	
3	LAN/WAN Project	3	Enhancement/Upgrade	07/1999 03/2000				
Update the office support system: 1)Provide the staff with the tools necessary to support a client/server environment, 2) Convert existing network to the Capitol building standard Ethernet topology, 3) Allow Field Audit personnel to connect to the network to access the necessary taxpayer records while conducting audits, 4) Standardize the desktop computing environment by converting to an Office Suite.					IT PLAN ESTIMATED COST	\$125,000	\$0	\$0
					BASE BUDGET REQUEST		\$0	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	
Justification:								
The agency’s network will comply with established standards, making the network easier to administer and less prone to problems. Field audits will be more efficient when the auditors can access information directly instead of mailing information back and forth between offices. Standardizing on a widely used office suite will allow the agency to communicate more effectively with other agencies and constituents.								
Impact on other activities:								
Activity 2 - this is primarily a service improvement, with no increase in the budget expected.								

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Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05
4 Accounting System The agency contracts with a third-party vendor to provide technical support, periodic software releases that incorporate minor refinements as well as significant new product features and access to CustomerSource, an on-line activity tool, for the Accounting System. The Accounting System tracks all revenue received and distributed by the agency and produces ad hoc reports. The system is integrated with the Validation System. Estimated costs include the annual maintenance and license renewal fee. The agency contracts with a third-party vendor to maintain the Validation System. This system places a Document Locator Number on each payment and tax document received by the agency. This number is used to track documents throughout the Tax Processing Systems. This system also accumulates revenue and return count information by tax type and exports the revenue information to the Accounting System. The vendor supports the software necessary to maintain the Validation System. Estimated costs include the annual maintenance fee and costs of enhancements to the system to be more efficient.	4	Maintenance/Base	Ongoing				
IT PLAN ESTIMATED COST BASE BUDGET REQUEST OPTIONAL BUDGET REQUEST BUDGET NONAPPROPRIATED					\$23,000	\$28,000 \$28,300 \$0 \$0	\$30,000
Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05
5 WH EFT Telefile The agency contracts with a third-party vendor to provide a telefile option to taxpayers filing their withholding tax returns and payments. Taxpayers may file and pay their withholding taxes electronically using the keypad of a touch-tone telephone to input the necessary information when prompted. The system is accessed via a toll-free telephone number to the vendor's service bureau. The vendor supports the hardware and software necessary to maintain the TeleFile system, which includes an Interactive Voice Response (IVR) system. The data acquired through the telephone calls is accumulated daily in an electronic file ready to upload to the agency's mainframe posting programs. Contract services include an annual maintenance fee and the cost of the toll-free calls. The number of calls will increase as more taxpayers opt to telefile their withholding taxes. Estimated costs also include taxpayer education and forms and publications on how to use the TeleFile system.	5	Maintenance/Base	Ongoing				
IT PLAN ESTIMATED COST BASE BUDGET REQUEST OPTIONAL BUDGET REQUEST BUDGET NONAPPROPRIATED					\$55,000	\$55,000 \$57,280 \$0 \$0	\$63,000

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Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05	
6 Oil and Gas C/S	9	Enhancement/Upgrade	07/1998	03/2000				
A new database system, to replace the legacy system currently used for Oil and Gas Tax, is being developed by ITD using a client server architecture. The client server system will accomodate legislative changes, expand and provide additional electronic filing and payment capabilities, and simplify reporting procedures for both the tax filer and the agency. Most of the manual processes for screening, validating, data entry, and compliance in the legacy system will be developed as automated processes in the client server system.					IT PLAN ESTIMATED COST	\$64,000	\$0	\$0
					BASE BUDGET REQUEST		\$0	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	
Justification:								
Costs to update the current legacy system, to provide the needed capabilites, were very high. Transitioning to the client server environment will provide agency staff with a user-friendly system that will increase efficiency, allow better response to taxpayer inquiries, be easier to maintain, be more adaptable to electronic commerce, and will give greater flexibility in the ability to manipulate and query data.								
Impact on other activities:								
Maintenance will be handled under Activity 1; not expecting an increase in the maintenance budget due to this project.								
Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05	
7 Permit Application	8	New Initiative	01/2000	04/2000				
The agency will provide electronic forms on its home page for taxpayers to prepare permit registration applications for Sales, Motor Fuels, and Withholding Taxes. Taxpayers will have the option of printing a blank form or using the fill-in capability to complete the form before printing. The taxpayer will sign the completed form and submit it to the agency for approval.					IT PLAN ESTIMATED COST	\$5,000	\$0	\$0
					BASE BUDGET REQUEST		\$0	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	
Justification:								
Making the application forms available on the home page will make them readily accessible and will eliminate handling and postage costs necessary to forward the forms by mail. The fill-in option will make completion of the forms convenient for the taxpayer.								
Impact on other activities:								
There are no major IT costs associated with this activity, but it will reduce other department costs in the related sections.								

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Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05
8 Sales Tax EDI	11	New Initiative	05/2000	06/2001			
The agency will offer EDI technology to receive sales tax returns. EDI involves the use of accepted national standard formats to transmit electronic files via a value added network. EDI eliminates concerns about compatibility with database formats utilized by a trading partner.					IT PLAN ESTIMATED COST	\$50,000	\$0
					BASE BUDGET REQUEST		\$0
					OPTIONAL BUDGET REQUEST		\$0
					BUDGET NONAPPROPRIATED		\$0
Justification:							
Offering EDI for sales tax will provide an additional filing option to taxpayers that will typically have multiple locations and sophisticated database systems that are EDI capable. Staff efficiency will increase for both the agency and the taxpayer, error resolution will decrease, data will be accessible almost immediately, and the processing and filing of paper returns will be eliminated.							
Impact on other activities:							
Maintenance will be handled under Activity 1; not expecting an increase in the maintenance budget due to this project.							
Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05
9 Motor Fuels Tax EDI	12	Enhancement/Upgrade	05/2000	06/2001			
The agency will offer EDI technology to receive motor fuels tax returns. EDI involves the use of accepted national standard formats to transmit electronic files via a value added network. EDI eliminates concerns about compatibility with database formats utilized by a trading partner.					IT PLAN ESTIMATED COST	\$50,000	\$0
					BASE BUDGET REQUEST		\$0
					OPTIONAL BUDGET REQUEST		\$0
					BUDGET NONAPPROPRIATED		\$0
Justification:							
Offering EDI for motor fuels tax will provide an additional filing option to taxpayers that will typically have sophisticated database systems that are EDI capable. Staff efficiency will increase for both the agency and the taxpayer, error resolution will decrease, data will be accessible almost immediately, and the processing and filing of paper returns will be eliminated.							
Impact on other activities:							
Maintenance will be handled under Activity 1; not expecting an increase in the maintenance budget due to this project.							

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Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05	
10 Sales Tax WebFile	6	Maintenance/Base	Ongoing					
The agency contracts with a third-party vendor to maintain a system to file sales and use tax returns over the Internet. Taxpayers may file their sales tax returns by accessing a website and completing a form on-line. Retailers may pay any tax due with the return electronically or may mail a check and voucher to the Tax Commissioner’s Office. The vendor supports the hardware and software necessary to maintain the WebFile system. Electronic returns are uploaded to the agency’s mainframe posting programs. Contract services include a monthly maintenance fee and an hourly fee for programming as needed. Program modifications are required each time additional local sales taxes are imposed or existing local taxes are modified. Modifications are normally required a minimum of four times a year. Estimated costs also include taxpayer education, forms, and publications on how to use the WebFile system.					IT PLAN ESTIMATED COST	\$30,000	\$35,000	\$40,000
					BASE BUDGET REQUEST		\$38,300	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	
Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05	
11 Fed/State E-file	7	Maintenance/Base	Ongoing					
This system allows for an individual income tax return to be filed electronically using the system in place by the IRS. The agency downloads a file from the IRS and uploads it into a viewing system to start the processing of the returns. Once the returns are added to the database, housed on the agency’s server, a mainframe file is created and uploaded to be included with the nightly processing of individual returns. The viewing system was created by a local vendor, and is maintained at the agency’s request. The database and program are housed on the agency’s server.					IT PLAN ESTIMATED COST	\$15,000	\$11,000	\$13,000
					BASE BUDGET REQUEST		\$11,320	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	
Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05	
12 EFT	10	Enhancement/Upgrade	12/1999	06/2001				
In 1998, the agency started accepting tax payments via EFT. This started with the TeleFile and WebFile projects. TeleFile accepts only ACH Debits, and WebFile will accept both ACH Debits and Credits. The program has since expanded to accept Oil & Gas tax payments via ACH Credits. As the next biennia progress, EFT payments will be expanded to accept Corporate Estimates and Withholding payments via ACH Credit, and Direct Deposit of Individual Income Tax refunds.					IT PLAN ESTIMATED COST	\$50,000	\$0	\$0
					BASE BUDGET REQUEST		\$0	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	
Justification: Expand the payment possibilities for taxpayers. These options were reviewed due to the requests submitted by taxpayers.								
Impact on other activities: The maintenance will be handled under Activity 1, with no increase in budget expected. There shouldn’t be an increase in maintenance due to the cost of ACH Credits is paid by the taxpayers. This should reduce the estimated cost of Activity 5 in the future biennia. Activity 5 is based on all of the Withholding taxpayers using the TeleFile service, and this activity would reduce the number of taxpavers using the TeleFile service. therefore reducing the costs.								

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Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05
13 Sales Client Server	14	Enhancement/Upgrade	03/2000	06/2001			
<p>The Client Server system developed for Oil & Gas taxes will be expanded to include Sales Tax. This enhancement will replace the legacy system currently used for Sales Tax. The client server system will accomodate legislative changes, expand and provide additional electronic filing and payment capabilities, and simplify reporting procedures for both the tax filer and the agency. Most of the manual processes for screening, validating, data entry, and compliance in the legacy system will be developed as automated processes in the client server system. This rewrite will include moving the WebFile system from Frank Solutions to ITD.</p> <p>Justification: Costs to update the current legacy system, to provide the needed capabilities, were very high. Transitioning to the client server environment will provide agency staff with a user-friendly system that will increase efficiency, allow better response to taxpayer inquiries, be easier to maintain, be more adaptable to electronic commerce, and will give greater flexibility in the ability to manipulate and query data.</p> <p>Impact on other activities: Maintenance will be handled under Activity 1; not expecting an increase in the maintenance budget due to this project.</p>					IT PLAN ESTIMATED COST BASE BUDGET REQUEST OPTIONAL BUDGET REQUEST BUDGET NONAPPROPRIATED	\$100,000 \$0 \$0 \$0	\$0 \$0 \$0 \$0
Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05
14 AR Client Server	15	Enhancement/Upgrade	03/2001	06/2002			
<p>The Client Server system developed for Oil & Gas taxes will be expanded to include A/R. This enhancement will replace the legacy system currently used for A/R. The client server system will accomodate legislative changes, expand and provide additional electronic filing and payment capabilities, and simplify reporting procedures for both the tax filer and the agency. Most of the manual processes for screening, validating, data entry, and compliance in the legacy system will be developed as automated processes in the client server system.</p> <p>Justification: Costs to update the current legacy system, to provide the needed capabilities, were very high. Transitioning to the client server environment will provide agency staff with a user-friendly system that will increase efficiency, allow better response to taxpayer inquiries, be easier to maintain, be more adaptable to electronic commerce, and will give greater flexibility in the ability to manipulate and query data.</p> <p>Impact on other activities: Maintenance will be handled under Activity 1; not expecting an increase in the maintenance budget due to this project.</p>					IT PLAN ESTIMATED COST BASE BUDGET REQUEST OPTIONAL BUDGET REQUEST BUDGET NONAPPROPRIATED	\$75,000 \$200,000 \$199,250 \$0 \$0	\$0 \$0 \$0 \$0 \$0

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Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05
15 WH Client Server	16	Enhancement/Upgrade	07/2004	01/2006			
<p>The Client Server system developed originally in 1999 for Oil & Gas taxes will be expanded to include Withholding. This enhancement will replace the legacy system currently used for Withholding. The client server system will accommodate legislative changes, expand and provide additional electronic filing and payment capabilities, and simplify reporting procedures for both the tax filer and the agency. Most of the manual processes for screening, validating, data entry, and compliance in the legacy system will be developed as automated processes in the client server system.</p> <p>Justification: Costs to update the current legacy system, to provide the needed capabilities, were very high. Transitioning to the client server environment will provide agency staff with a user-friendly system that will increase efficiency, allow better response to taxpayer inquiries, be easier to maintain, be more adaptable to electronic commerce, and will give greater flexibility in the ability to manipulate and query data.</p> <p>Impact on other activities: Maintenance will be handled under Activity 1; not expecting an increase in the maintenance budget due to this project.</p>					IT PLAN ESTIMATED COST BASE BUDGET REQUEST OPTIONAL BUDGET REQUEST BUDGET NONAPPROPRIATED	\$0 \$65,000 \$64,500 \$0 \$0	\$0
Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05
16 IIT Client Server	17	Enhancement/Upgrade	06/2002	03/2004			
<p>The Client Server system developed originally in 1999 for Oil & Gas taxes will be expanded to include Individual Income Tax. This enhancement will replace the legacy system currently used for Individual Income Tax. The client server system will accommodate legislative changes, expand and provide additional electronic filing and payment capabilities, and simplify reporting procedures for both the tax filer and the agency. Most of the manual processes for screening, validating, data entry, and compliance in the legacy system will be developed as automated processes in the client server system.</p> <p>Justification: Costs to update the current legacy system, to provide the needed capabilities, were very high. Transitioning to the client server environment will provide agency staff with a user-friendly system that will increase efficiency, allow better response to taxpayer inquiries, be easier to maintain, be more adaptable to electronic commerce, and will give greater flexibility in the ability to manipulate and query data.</p> <p>Impact on other activities: Maintenance will be handled under Activity 1; not expecting an increase in the maintenance budget due to this project.</p>					IT PLAN ESTIMATED COST BASE BUDGET REQUEST OPTIONAL BUDGET REQUEST BUDGET NONAPPROPRIATED	\$0 \$135,000 \$134,750 \$0 \$0	\$175,000

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Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05	
17 IIT Compliance C/S	18	Enhancement/Upgrade	07/2003	01/2005				
The Client Server system developed originally in 1999 for Oil & Gas taxes will be expanded to include Individual Income Tax Compliance. This enhancement will replace the legacy system currently used for Compliance. The client server system will accommodate legislative changes, expand and provide additional electronic filing and payment capabilities, and simplify reporting procedures for both the tax filer and the agency. Most of the manual processes for screening, validating, data entry, and compliance in the legacy system will be developed as automated processes in the client server system.					IT PLAN ESTIMATED COST	\$0	\$0	\$200,000
					BASE BUDGET REQUEST		\$0	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	
Justification:								
Costs to update the current legacy system, to provide the needed capabilities, were very high. Transitioning to the client server environment will provide agency staff with a user-friendly system that will increase efficiency, allow better response to taxpayer inquiries, be easier to maintain, be more adaptable to electronic commerce, and will give greater flexibility in the ability to manipulate and query data.								
Impact on other activities:								
Maintenance will be handled under Activity 1; not expecting an increase in the maintenance budget due to this project.								
Activity	Priority	Activity Type	Start Date	End Date	99-01	01-03	03-05	
18 Prop Tax Statistics	13	New Initiative	01/2001	06/2003				
The agency will evaluate and establish a system to receive required property tax reports electronically from data generated by the counties. Required reports include abstracts of property taxes levied, assessment summaries, and property sales information.					IT PLAN ESTIMATED COST	\$0	\$11,000	\$0
					BASE BUDGET REQUEST		\$11,320	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	
Justification:								
Electronic reporting provides more timely reports and more accuracy in compilation of statewide data.								
Impact on other activities:								
Maintenance will be handled in Activity 2; we are not expecting any impact on future budgets for the maintenance of this activity.								
Total Agency					IT PLAN ESTIMATED COST	\$3,162,000	\$3,156,000	\$3,261,000
					BASE BUDGET REQUEST		\$3,163,660	
					OPTIONAL BUDGET REQUEST		\$0	
					BUDGET NONAPPROPRIATED		\$0	